



## Senate

General Assembly

**File No. 145**

January Session, 2003

Substitute Senate Bill No. 164

*Senate, April 2, 2003*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING EVALUATION OF THE EFFECTIVENESS OF ECONOMIC DEVELOPMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND THE CONNECTICUT DEVELOPMENT AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-1i of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) The Commissioner of Economic and Community Development [,  
4 in consultation with the executive directors of the Connecticut  
5 Development Authority and Connecticut Innovations, Incorporated  
6 and the legislative Program Review and Investigations Committee,]  
7 shall, by July 1, 1995, develop improved objectives, measures of  
8 program success and standards for granting of financial and  
9 nonfinancial assistance under programs administered by said  
10 commissioner. [, authority or corporation.] Not later than [October 1,  
11 1995] January 1, 2004, and annually thereafter, the commissioner [and  
12 executive directors] shall prepare [reports] a report analyzing the

13 performance of such programs during the preceding fiscal year in  
14 accordance with such objectives, measures and standards and submit  
15 the [reports] report, in accordance with section 11-4a, to the  
16 [Connecticut Economic Conference Board for its review and  
17 comments. The board shall submit the reports, with its comments and  
18 recommendations, to the] joint standing committees of the General  
19 Assembly having cognizance of matters relating to [the Department of  
20 Economic and Community Development] commerce, appropriations  
21 and finance, revenue and bonding. [by January first of the following  
22 year.]

23 (b) Not later than January 1, 2004, and biennially thereafter, the  
24 report prepared pursuant to subsection (a) of this section shall include  
25 an economic analysis of the performance of programs administered by  
26 the commissioner, based on the following criteria, in addition to any  
27 objectives, measures of program success and standards for granting of  
28 financial and nonfinancial assistance developed in accordance with  
29 subsection (a) of this section: (1) The extent to which recipients of  
30 assistance in amounts greater than one million dollars have (A)  
31 directly or indirectly increased property values in the municipalities in  
32 which the recipients are located; (B) contributed to an increased state  
33 gross product; (C) contributed to increased state productivity; (D)  
34 enhanced other state-funded economic development projects; (E)  
35 directly or indirectly created jobs in the state; and (F) stopped or  
36 decreased the loss of jobs from the state; (2) the extent to which  
37 employees of recipients of assistance participate in health benefit plans  
38 offered by such recipients; (3) the extent to which recipients of  
39 assistance offer unique economic, social, cultural or aesthetic attributes  
40 to the municipalities in which the recipients are located or to the state;  
41 and (4) any other qualitative criteria for granting financial and  
42 nonfinancial assistance that said commissioner deems appropriate.

43 (c) The commissioner shall make the report required under  
44 subsection (a) of this section available electronically by posting such  
45 report on the Department of Economic and Community  
46 Development's website not later than thirty days after the date such

47 report is submitted to the joint standing committees of the General  
48 Assembly having cognizance of matters relating to commerce,  
49 appropriations and finance, revenue and bonding.

This act shall take effect as follows:	
Section 1	October 1, 2003

**CE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The changes made in the legislation concerning the reporting requirements and presentation of the Department of Economic and Community Development's (DECD) reports on program performance are anticipated to minimally increase the agency's workload. The additional criteria required for the evaluation by DECD on the economic benefits of their programs is currently being utilized by the agency.

No fiscal impact is anticipated from the reporting changes in the bill to the Connecticut Development Authority (quasi-public) or Connecticut Innovations, Inc. (quasi-public).

**OLR Bill Analysis**

sSB 164

**AN ACT CONCERNING EVALUATION OF THE EFFECTIVENESS OF ECONOMIC DEVELOPMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND THE CONNECTICUT DEVELOPMENT AUTHORITY****SUMMARY:**

This bill changes the scope, reporting deadline, and distribution requirements for the annual reports the economic and community development commissioner must prepare evaluating how the state's economic development programs performed during the prior fiscal year. Under current law, he must submit separate reports on the Department of Economic and Community Development's (DECD) programs and those of the quasi-public Connecticut Development Authority (CDA) and Connecticut Innovations, Inc. (CII). The commissioner must base these reports on an evaluation plan that he had to develop by July 1, 1995, in consultation with CDA, CII, and the Program Review and Investigations Committee.

The bill requires the commissioner to report only on DECD's programs. But it also expands the report's scope by requiring the commissioner to measure the extent to which DECD's programs benefited the economy and society. The commissioner must include this analysis in the report every other year, beginning January 1, 2004.

The bill changes the annual deadline for submitting the evaluation report from October 1 to January 1, beginning in 2004. It also drops the requirement that DECD submit the report to the 27-member advisory Connecticut Economic Conference Board (CEBC) for review and comments and the corresponding requirement that the board submit its comments to the Commerce, Appropriations, and Finance committees by the January 1 following the October 1 submission. The bill instead requires the commissioner to submit the report directly to those committees.

The bill requires the commissioner to post the report on DECD's web page within 30 days after he submits it to the legislative committees.

EFFECTIVE DATE: October 1, 2003

## **ECONOMIC BENEFIT**

The bill requires the commissioner to analyze how DECD's programs benefited the economy and include this evaluation in the program report every other year, beginning January 1, 2004. The bill specifies the economic and social criteria he must use to evaluate the programs.

The commissioner must determine the extent to which businesses, towns, and nonprofits receiving over \$1 million in funding have:

1. increased property values in the towns where they are located,
2. helped to increase the total value of all goods and services made or delivered in the state,
3. increased the extent to which workers are increasing the number of goods they produce per hour,
4. enhanced other economic development projects,
5. directly or indirectly created new jobs, and
6. stopped or decreased job loss.

The commissioner must also determine the extent to which DECD-funded organizations' employees participate in their employers' health plans and whether the organizations DECD funds have improved the quality of life by offering unique economic, social, cultural, or aesthetic values to their host towns and the state. The bill allows the commissioner to analyze the programs' benefits based on any other qualitative criteria DECD uses to provide financial and nonfinancial assistance.

## **BACKGROUND**

### **CEBC**

The CEBC helps the legislature and the governor evaluate the state economy's health and future. It has 27 members, including the

governor; commissioners from six state agencies; the chairs and ranking members of the Commerce, Finance, Revenue and Bonding, and Education committees; and eight other legislative and executive appointees. The statutes require the board to prepare three annual reports, which evaluate state programs, the state's competitiveness, and the condition of the state's economic clusters.

## **COMMITTEE ACTION**

### Commerce Committee

Joint Favorable Substitute

Yea    21      Nay    0